

MANAGED RISK MEDICAL INSURANCE BOARD
Healthy Families Program Advisory Panel Meeting
January 7, 2008
West Sacramento, California

Panel Members: Jack Campana, Karen Lauterbach, William Arroyo, M.D., Ronald Diluigi, Barbara Orozco-Valdivia, Ellen Beck, M.D., Steven Tremain, M.D., Elizabeth Stanley-Salazar, Takashi Michael Wada, M.D., Leonard Kutnik, M.D.

MRMIB: Lesley Cummings, Janette Lopez, Shelley Rouillard, Susan Williams, Elva Sutton

Introduction

Jack Campana, opened the meeting by introducing himself and asking the Panel members, Managed Risk Medical Insurance Board (MRMIB) staff, and the audience to introduce themselves.

HFP Advisory Panel Vacancies

Mr. Campana announced the resignation of Dr. Paul Morris, Licensed, Practicing Dentist Representative. Mr. Campana stated the HFP Advisory Panel is seeking a replacement for this vacancy and 2 Subscriber Representatives.

Appointment of HFP Advisory Panel Members and Oath of Office

Mr. Campana announced the appointment and re-appointments by the Board of 6 panel members.

- Jack Campana - Education Representative
- Ronald Diluigi - Business Representative
- Elizabeth Stanley-Salazar - Representative from a Substance Abuse Provider
- Leonard Kutnik, M.D. - Pediatrician Representative
- Barbara Orozco-Valdivia - Representative from a Health Plan
- William Arroyo, M.D. - Representative from a Mental Health Provider

Janette Lopez, Deputy Director of Eligibility, Enrollment, and Marketing for MRMIB, administered the Oath of Office to Jack Campana, Ronald Diluigi, Elizabeth Stanley-Salazar, Leonard Kutnik, M.D., and Barbara Orozco-Valdivia. Dr. William Arroyo, was administered the Oath of Office upon his arrival.

Appointment of Chairperson

Ms. Lopez stated that a chairperson is nominated every year to serve a one year

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term. Ms. Lopez gave a general description of the type of individual that can be the Chairperson due to limitations surrounding conflict of interest. Mr. Campana was nominated as the Healthy Families Program Chairperson. A motion was made, passed and the Panel unanimously voted to appoint Mr. Campana to serve as Chairperson for another one year term.

Review and Approval of the August 7, 2007 and November 6, 2007 HFP Advisory Panel Meeting Summaries

Ellen Beck, M.D. and Steven Tremain, M.D. requested that the following change be made to the November 6, 2007 Meeting Summary on page 1:

“Mr. Campana announced that 2 ~~four~~ Panel Members still need to be sworn in.

- ~~Ellen Beck, M.D. – Family Practice Physician Representative;~~
- ~~Steven Tremain, M.D. – Disproportionate Share Hospital Representative;”~~

Dr. Beck requested that the following change be made to the August 7, 2007 Meeting Summary on page 8:

“Ms. Rouillard touched on the RHDP Fact Book and noted that since 1998 ~~1989~~, 295 projects have been funded.”

A motion was passed to approve the August 7, 2007 and November 6, 2007 HFP Advisory Panel Meeting Summaries with the requested amendments.

State Fiscal Emergency

Lesley Cummings, MRMIB Executive Director, informed the Panel of a \$14 billion general fund deficit and that the Governor will declare a state of fiscal emergency. She added that the Governor will be presenting the State of the State address the following day and the budget will be released on Wednesday. Ms. Cummings declared that since the Governor will implement general fund cuts across all state departments, the Health and Human Services Agency will not be as severely affected compared to previous years.

Mr. Diluigi inquired if Medi-Cal budget reductions would be affected, and was concerned about possible negative impacts budget reductions might have on Health Care Reform (HCR). Ms. Cummings stated that the Governor remains committed to HCR which has separate financing.

Ms. Cummings stated she was not at liberty to discuss the budget in detail until it is released.

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Michael Takashi Wada asked if there was an approval process beyond the release of the budget granting an opportunity to lobby legislators. Ms. Cummings explained that once the Governor releases the budget, it will be reviewed by the budget committees in the legislature, during which time they will either approve or disapprove the various proposals. She further explained that once the Governor declares a fiscal emergency the legislature has a defined period of time to act. If the legislature fails to do so then the Governor can limit the activities of the legislature.

Dr. Beck inquired if MRMIB and the HFP Advisory Panel will have the ability to decide where the budget cuts should be taken. Ms. Cummings informed the Panel that the Governor will be making specific proposals for reductions.

Mr. Campana noted that estimates of the revenue that the Mental Health Services Act would generate was \$700-\$800 million per year from the 1% tax that was implemented on Californians with income over \$1 million. He stated that this fiscal year the revenue is estimated to generate \$1.1 billion. He stated that the reason for the deficit for the California state budget is the slow down of the economy. Ms. Cummings explained that revenues are less than expected as a result of the reductions in property tax. She informed the Panel that the Legislative Analyst's Office (LAO) conducted an analysis and published the findings on their website. Dr. Tremain stated his belief that capital gains of 2007 could also be a factor.

Mr. Diluigi voiced concern regarding how the budget proposal will impact HCR. Ms. Cummings informed the Panel that HCR is financed without new General Fund monies, and a majority of HCR costs will be funded by an increased tobacco tax. She added that the LAO will prepare an analysis of the bill which will be provided to the Senate before action is taken. Ms. Cummings informed the Panel that the financing for HCR will not be passed by the legislature because of the difficulty acquiring a two-thirds vote. Instead, the financing for HCR will need to be voted on through an initiative on the November 2008 ballot. There are concerns about the short timeframe to obtain the necessary number of signatures to place the initiative on the ballot.

Mr. Campana asked if a forum had been established to discuss what individuals, as opposed to government officials, would like to see happen with regards to MRMIB and HFP.

Dr. Wada inquired about developing contingency plans through MRMIB or HFP and the timeframe in which the cuts will be implemented. Ms. Cummings informed the Panel that it will vary with each specific proposal.

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Special Legislative Session: Health Care Reform

Ms. Cummings announced that the Governor and Speaker negotiated the elements that would be presented in the health care proposal, also known as ABX1 1. ABX1 1 covers children with family income up to 300% of the federal poverty level in HFP. Both Medi-Cal and HFP will provide comprehensive coverage for all children regardless of immigration status. It is expected that most of these children would be enrolled in Medi-Cal, however some will be enrolled in HFP. MRMIB is responsible for establishing a Medicaid-funded subsidized program for parents and caretakers relatives with household incomes up to 250% of poverty. In addition, the Board is responsible for providing coverage to childless adults, 19 and 20 year olds, and unsubsidized coverage to others with incomes exceeding 250% federal poverty level. MRMIB also will define and enforce the individual mandate and exceptions thereto.

Mr. Diluigi asked if MRMIB has reviewed the necessary staffing that will be required to handle such an increase in responsibilities. Ms. Cummings announced that MRMIB will be providing estimates regarding the affiliated costs. There is a bill and there is an initiative. The initiative contains the financing for HCR. However, if any one provision in the bill is not approved then the entire bill is nullified. The bill is contingent upon a finding by the Director of the Department of Finance in order to ensure that there is adequate financing, and will not be implemented until that determination occurs.

Ms. Beck asked for language clarification in the HCR bill regarding the role of the county-based health plans. Shelley Rouillard, Deputy Director for Benefits and Quality Monitoring for MRMIB, explained that the bill allows the Local Initiatives and the County Organized Health Systems to affiliate in an entity and allows them to enroll individuals into health care coverage. Ms. Cummings added that the counties provide coverage for many uninsured people; under the bill, the state will insure individuals and the counties contribute toward the cost of coverage.

Ms. Cummings announced that the Senate policy committee is scheduled to hear the bill on January 16, 2008.

SCHIP Reauthorization and Update on CMS Letter Regarding Restrictions on SCHIP Eligibility

Ms. Cummings stated that Congress sent the President a bill that would have provided 5 years of funding for SCHIP, which was vetoed twice. As a result, Congress passed an 18-month extension of the program with funding at the 2007 level, plus a supplement for the shortfall states, of which California is one. HFP appears adequately funded for FFY 2008. However, as funding for FFY 2009

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only goes through half the year, the State will not know whether funding is adequate until there is further Congressional action.

The bill did not address the issue of the Center for Medicare & Medicaid Services (CMS) August 17th letter that restricts states abilities to cover children above 250% of the federal poverty level. There are implications for counties that claim SCHIP dollars for coverage of children from 250% to 300% of the federal poverty level, which will make it difficult to implement the expansion discussed in HCR. Furthermore, CMS is requiring HFP to determine eligibility based solely on gross income, and therefore, many children will no longer be eligible for coverage. Congress intends to address this issue.

Ms. Cummings informed the Panel that one year from the date the letter was issued to come into compliance, and the restrictions in the letter will not affect the coverage of any child that is already enrolled.

Ms. Lopez mentioned that the August 17, 2007 CMS letter is on the MRMIB website.

Ms. Cummings listed three of the eight new provisions stated in the CMS letter which include: children are not considered uninsured unless they have been uninsured for a year or more, the State must cover 95% of the children at 200% of poverty or less, and the amount paid for coverage by a family has to be similar to that in the private sector. The California HealthCare Foundation issued a report which lists the eight provisions, and touches on the level of difficulty California would have complying with each of the provisions. The report can be found on the MRMIB website.

Dr. Beck expressed concern with the ability to comply with the provisions, especially with the new definition of "uninsured," which would result in fewer children with coverage.

Reports of Interest

Enrollment and Single Point of Entry (SPE) Reports

Ms. Lopez stated that as of November 30, 2007 over 853,000 children were enrolled in HFP. She explained that due to the extreme impact the Southern California fires had on families, MRMIB decided not to disenroll children in affected counties for late payment or failure to turn in an annual eligibility review. Therefore, fewer disenrollments occurred in November 2007 which will result in a higher disenrollment rate for December 2007.

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Administrative Vendor Performance Report

Ms. Lopez stated that the vendor met all its performance standards for November 2007.

Dr. Arroyo asked if the performance report was conducted by the vendor or MRMIB staff. Ms. Lopez explained that the performance reports are conducted by the vendor's quality control unit. A 5% random sample is completed every month and the data is sent to MRMIB. Ms. Cummings added that the proposal for auditing staff was removed from the budget during legislative review. Dr. Beck suggested that proposal remain a future priority.

Dr. Beck inquired if there was a backlog of appeals. Ms. Cummings explained that MAXIMUS performs the first level and then it is sent to MRMIB. Dr. Beck inquired about the number of appeals MRMIB has at any one time. Ms. Lopez explained that MRMIB receives approximately 200-250 appeals monthly.

Enrollment Entities/Certified Application Assistance Reimbursement Report

Ms. Lopez stated that the report displays the amount of money spent in paying for application assistance, and is detailed by the various types of applications.

Ms. Lopez highlighted the final closing numbers for the 2005-2006 Fiscal Year, which totals approximately \$3.3 million. The October 2007 and November 2007 columns appear shaded because the data is not yet complete. It will be updated for the next report.

Proposed Regulations Modifying the Process for Determining Community Provider Plans (CPP)

Ms. Rouillard informed the Panel that a CPP is a plan that is designated within each county that contracts with the most traditional and safety net providers in that county. Three measurements are used by MRMIB in determining which plan will be designated as the CPP; the number of CHDP providers, clinics, and disproportionate share hospitals that the plans have contracts with in the particular county. The CPP is designated by a calculation of scores from the three measurements. Ms. Cummings briefly noted that the purpose of the process is to create an incentive for plans to contract with traditional and safety net providers. Subscribers pay less if they choose to obtain coverage through a CPP. A list of the CPPs by county is identified in the HFP annual handbook, and can also be located on the MRMIB website. The process of designating a CPP must coincide with the annual publication of the HFP handbook, which is published by the time open enrollment occurs.

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Dr. Arroyo clarified that the incentive for the subscriber to choose a CPP would be that their payments would be lower. Ms. Lopez informed the Panel that the payments would be \$3.00 less per child per month. The CPP is listed in the HFP handbook first, followed by the remaining plans in alphabetical order.

Ms. Rouillard announced that staff took a regulation to revise the CPP designation process to the Board in July 2007, but drafting errors occurred. Thus, the regulations are being taken back to the Board. Ms. Rouillard described the changes to the CPP regulations. The types of clinics that will be included in the clinic list are specifically defined based on the provider types Medi-Cal utilizes. Community hospital-based outpatient clinics will be added to the clinic list. Clinics must have provided at least 15 services to low income or uninsured children between the ages of 1 and 18 to be included on the list. Page 3, section E1 of the proposed regulation describes the process used to calculate the scores for each list and health plan. The revised regulations split the clinic score to include the number of clinics and the total number of services provided by clinics. A revision on page 4 states that plans will be authorized to add providers to the list if it is believed that the provider has been excluded in error.

Ms. Rouillard expects that the regulations will be adopted by the Board in January 2008.

Ms. Rouillard described how the CHDP, clinic and hospitals lists are generated. In October 2007, MRMIB received Medi-Cal paid claims data from the 2005-06 state fiscal year. The reason the claims data is so old is that 2005-06 is the year closest to the benefit year (2008-09) for which the state has complete claims. It can take up to 18 months for claims to be submitted by providers.

The CPP process allows for revisions to the list if a provider believes that it has been excluded from the list in error. The provider can submit documentation that it provided a service to a low income child and ask to be added to the list. When MRMIB sent out the instructions on how to revise the provider lists, it allowed providers to submit claims for the 2006-07 state fiscal year, rather than the 2005-06 fiscal year. This did not comply with the CPP regulations.

Ms. Rouillard shared with the Panel that she had asked the HFP plans for their opinions as to whether MRMIB should include 2006-07 claims along with 2005-06 claims in determining the list of traditional and safety net providers. About half of the plans that responded thought this would be a good idea; several thought it was not a good idea and a couple did not express an opinion one way or the other.

Dr. Beck wondered if both data could be made available for analysis. Ms. Lopez believed that it would not appear as objective, and collecting data without intent to utilize it would be labor intensive. Ms. Orozco-Valdivia inquired if such a

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change can still occur. Ms. Rouillard explained that the changes wouldn't take effect until next year.

Dr. Kutnik stated that even if data is incomplete that data closest to real time is best. Health plans need to ensure that they are satisfying their provider network.

Dr. Arroyo inquired about the possibility of having access to a legal counsel. MRMIB would want to avoid a lawsuit that might result in a lesser delivery system for the children that MRMIB benefits. Ms. Cummings explained that legal counsel expressed discomfort about utilizing incomplete data. Dr. Beck asked if there was a better approach. Ms. Cummings further explained that MRMIB would like less complexity but still keep the philosophy of supporting traditional and safety net providers.

The Panel recommended that MRMIB incorporate more current data, even if it is not complete, in the calculation of the CPP scores. Ms. Rouillard thanked the Panel for their suggestions.

Mr. Campana announced the next meeting would be on May 6, 2008 and the meeting was adjourned.